GOVERNMENT OF INDIA
POWER
LOK SABHA

UNSTARRED QUESTION NO:4487
ANSWERED ON:24.04.2000
FUNDING IN POWER SECTOR
A. VENKATESH NAIK;ASHOK NAMDEORAO MOHOL

Will the Minister of POWER be pleased to state:

(a) whether attention of the Government has been drawn to the news-item captioned `Safety, security, good return must for March 24, 2000;

(b) if so, the facts of the matter reported therein; and

(c) the reaction of the Government thereto?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF POWER

(SHRIMATI JAYAWANTI MEHTA)

(a) to (c) : Yes, Sir. The Government is aware that unless good returns are available, private capital will not flow into the power sector. In order to improve the returns from the power sector, the financial health of the power utilities/State Electricity Boards (SEBs) have to be improved. The Government has, therefore, embarked upon the process of reforms in the power sector. The Central Electricity Regulatory Commission was set up in July, 1998 and fourteen State Electricity Regulatory Commissions (SERCs) have also been set up. One of the primary functions of these commissions is to retionalise tariff so that the power utilities earn an adequate profit. The government plays a catalytic role by encouraging the states to undergo reforms. A new plan scheme has been launched from 2000-2001 wherein financial assistance will be extended to those states which make a commitment to reforms. One of the latest initiatives of the government is to undertake complete metering of all consumers in a time bound manner by December, 2001 which would help in augmenting the revenues of the SEBs.Further, the Government, in its effort to promote reforms in the north eastern states, proposes to give financial assistance for setting up of a joint SERC for the region.

The above measures are expected to improve the financial viability of the power utilities/SEBs, which inturn, would enthuse the private sector to invest in the power sector.